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EDITOR'S NOTE

Translated from the French original by Nick Oates

- 1 For the majority of forty and fifty-year-olds, middle age is synonymous with socio-professional success and family stability. However, for some of them, this period is full of regrets and distress. In China, the generation encompassing 40 to 55-year-olds is atypical because the journey they have taken to get to this age has been extremely turbulent, marked as it has been by significant historical events; in particular, it was this generation that was sent to the countryside during the Cultural Revolution. Today, some of them are experiencing unemployment. In the former industrial regions where labour problems are concentrated, the popular expression “the phenomenon of the 40 to 50-year-olds” (*si wushi xianxiang*) betrays the fact that age is a determining factor in the difficulties encountered by these people in becoming professionally reintegrated, precisely at a time in their lives when the burden they have to bear is heavy: financing their retirement, medical care, the education of their children, or supporting their parents. Members of this generation ourselves, although belonging to a privileged group, we would like to make a contribution to the formulation of constructive solutions in the face of this challenge.
- 2 For quite a long period and until the recent past, China adopted a policy of central planning in labour, which led to a situation where there was full employment. Eventually almost incomprehensible, the notion of unemployment fell into a kind of collective black hole. From 1978, the year in which China launched into reforms that partially introduced the market into the economy, state-owned enterprises (SOE)

experienced a decentralisation of their management. At the beginning, all social grades drew concrete benefits from this, as everyone’s income increased, even though we were witnessing the start of a growth in inequality. This is the phenomenon known by economists under the term “Pareto improving reform”. However, the reform of the state-owned enterprises based on a reinforcement of decentralisation made hardly any progress, and the evolution of urban economic reforms was marked in particular by the rapid development of the private economy.

- 3 From the middle of the 1990s, China began moving towards a demand economy characterised by an increase in competition. The changes brought about by the market in consumption brought with them an inevitable and far-reaching reconfiguration of industrial structures. Under the combined pressure of the market and the reorganisation of the industrial structures, the reform of the state-owned enterprises thus touched on the sensitive territory of job security. Very rapidly, the excess workforce at the state enterprises was “laid off” (*xiagang*). Today, while the majority of the population continues to experience a rise in income, many *xiagang* workers face material difficulties.
- 4 Between 1996 and 2000, 25 million people found themselves *xiagang*. In 2002, there were another 14 million unemployed and *xiagang*, whose material difficulties had an impact on several million families in the urban areas. The concept *xiagang* can be defined in the following way: it represents a kind of temporary arrangement of a social security system borne by the state-owned enterprises during the period in which a labour market is created. This definition differs from that of unemployment¹. Generally, the economic situation of the *xiagang* is better than that of the unemployed².
- 5 Although the management of the *xiagang* populations has been integrated into the reform of the labour market since 2000, it has encountered strong resistance particularly in the towns where state-owned enterprises are concentrated, where heavy industry is important, or even those where the natural resources are on the way to being exhausted. From 2001, the central government has significantly increased its subsidies in order to allow the management of the *xiagang* to be integrated with that of the unemployed following the example of the experimental social security reform implemented in the industrial province of Liaoning. In this province, 736,000 people without employment were recorded between July 2001 and July 2002. The redundancy settlement paid out amounted on average to 7,340 yuan. The implementation of this new policy means that employees who lose their jobs are registered directly as unemployed; this allowed the re-employment centres to be closed at the end of 2002 and ensures the disappearance of the term *xiagang*. However, the Chinese labour market will remain strained for many years because of economic growth, industrial restructuring, the increased density of capital and technology, as well as the conditions of supply and demand on the labour market. Moreover, in the event of an external shock to the economy, the groups less capable of becoming professionally reintegrated are the ones that are most severely affected. Thus recently, SARS (severe acute respiratory syndrome) resulted in a new loss of jobs among the unemployed who had succeeded in reintegrating into the private sector, as well as in the temporary return to the countryside of 8 million migrants.

The theoretical framework and the hypotheses

- 6 Among the works that analyse the link between major historical events and the lives of individuals, an important theoretical current reflects an interest in the consequences

of social upheaval on individuals. The work by Glen Elder, *Children of the Great Depression*, provides one reference³. In their work entitled *Children of the Cultural Revolution*, Zhou Xueguang and Hou Liren took up this hypothesis and applied it to China. To do this, they used questionnaires to conduct surveys in an attempt to measure the effects of the policy of sending educated youths to the countryside (*shangshan xiexiang*) during the Cultural Revolution on the private and professional lives of the generation in question⁴.

- 7 In our own research, we take the opposite route: starting from an analysis of the motivations and actions undertaken by individuals, we will attempt to measure the possible social consequences of those actions. The changes brought about by the reforms aiming to introduce a market economy, and strong economic growth, mark a new historical stage, in the course of which individuals and the social structure will exercise a reciprocal action on each other. Individuals have increased their chances of fighting to improve their fate by adapting their behaviour and their individual choices.

1. Statistics describing the *xiagang* interviewed (in %)

		Aged 40 or younger		Aged 41 and older	
		Xiagang before 1996	Xiagang in 1997 or after	Xiagang before 1996	Xiagang in 1997 or after
Female		54.4	45.3	53.8	55.2
Education level	Primary school and below	0.5	0.4	1.9	1.6
	Secondary school (or equivalent)	64.6	49.0	61.4	44.8
	High school diploma, professional college	28.2	39.7	31.0	41.1
	Technical school	5.7	10.1	5.2	10.9
	University	1.0	0.8	0.5	1.6
Political affiliation	Member of the Communist Party	6.4	12.5	16.4	32.4
	Member of the Communist Youth League	15.9	15.6	2.6	0.7
	Member of the eight so-called democratic parties	1.3	—	2.6	1.4
	Not affiliated to a party	76.4	71.9	78.3	65.5
Nature of work unit before lay-off	State-owned enterprise	34.4	52.3	34.4	46.9
	Collective enterprise	61.4	43.1	62.7	50.0
	Other	4.2	4.6	2.9	3.1
Industrial sector of work unit before lay-off	Agriculture, forestry, cattle farming, fishing	1.4	0.4	—	1.6
	Mining	9.3	15.0	11.0	11.6
	Manufacturing	42.3	40.0	40.5	32.6
	Gas, electricity, water	1.9	1.5	3.8	3.7
	Construction	8.8	6.5	11.4	6.8
	Geological prospecting, hydraulic works	1.9	1.5	1.9	0.5
	Transport, warehousing, post	3.3	6.5	3.3	4.2
	Wholesale, retail sales and foodstuffs	5.6	3.5	3.8	10.5
	Finance, insurance	—	—	—	0.5
	Property	—	—	0.5	—
	Social services	4.2	3.1	5.2	9.5
	Health, sport, and social action	0.9	—	0.5	1.6
	Culture, education, broadcasting	0.9	0.4	0.5	1.1
	Scientific research and technology	0.5	0.4	0.5	0.5
	Administrations and Party or state organisations	—	0.8	—	0.5
	Other	19.1	20.4	17.2	14.2
Profession before lay-off	Management	5.3	5.4	10.4	17.4
	Specialised technician	7.2	10.1	9.0	7.9
	Worker	58.2	56.4	50.7	37.9
	Services	20.2	19.5	19.9	24.2
	Other	9.1	8.6	9.9	12.7

The impact of human capital on income

- 8 Human capital is often retained as one of the most significant factors explaining income. Sociological research into social change has also demonstrated that, in parallel with industrial development, societies evolve towards knowledge-based and information societies in which human capital becomes more and more important. Following on from the theory of Nobel Prize economist Theodore W. Schultz on human capital, countless studies have confirmed that, in a market economy where competition is practised, there is a positive relationship between human capital and the income of an individual⁵. Although the definitions of human capital used by the different

researchers are not identical, the majority of them rely on three key statistical parameters:

- 9 the qualifications obtained or the number of years of schooling received
 - length of professional experience
 - health.
 - 10 Sociologists accord great importance to the level of education, classed within human capital, in order to analyse social structures and the changes in the social status of individuals. The theoretical models developed in this field demonstrate empirically that education level exerts a primordial influence on income levels and the possibilities of climbing up the social ladder⁶.
 - 11 In China, as a recent study reveals, the role of human capital as a factor explaining the income of individuals has expanded in the course of the economic reforms⁷. These results have been confirmed by another study focusing on education level and its impact on socio-economic status⁸.
 - 12 However, our survey of the *xiangang* of former industrial cities reveals that the more educated among them do not necessarily find work more easily, and even that their new salaries are no higher than those of the less educated. We describe this phenomenon as the “non-valorisation of human capital”. Its appearance can be explained by a variety of factors. It is probable that, in a period of transition towards the market economy, the structural changes that ensue from that create an upheaval in the norms usually applied to the field of know-how and technical skills, bringing with it a kind of fracture in human capital, which thus does not necessarily exercise a positive effect. The labour market that confronts new university graduates illustrates this well: the differences in the levels of know-how and technical skill acquired at university explains the differentials in remuneration. Moreover, Yakubovich and Kozian have shown in the Russian context that human capital acquired in the framework of a planned economy is rapidly devalued in a market economy⁹. Zhao Yandong arrives at an identical conclusion in a study conducted in 2000 among the *xiangang* of the city of Wuhan. Human capital measured by the standard of knowledge and the technological level attained by the *xiangang* before they were laid off does not exert any influence on the parameters of their new employment (salary, social value of the profession, degree of satisfaction, etc.)¹⁰.
 - 13 From the above, we can formulate a first hypothesis: in this period when the reference standards based on know-how and technical skills undergo an upheaval, human capital and remuneration level are not, in certain cases, correlated. This is particularly true for the generation that had to interrupt its studies during the Cultural Revolution.
- Social identification
- 14 Social identification is a complex phenomenon encompassing a variety of elements such as remuneration level, profession, family situation, age, sex, and so on. The subjective evaluation made by an individual of his socio-professional status can thus diverge widely from that produced objectively by his income level. Surveys have shown that individuals tend to place themselves in the mean when they evaluate their socio-professional status. At an identical income level, women have the tendency to position themselves with an inferior status to men¹¹. It is precisely the existence of these differences that gives research into social identification or class awareness a particular importance, as there is often a close causal relationship between the social

identification of an individual and his or her behaviour or motivation to act. Between the different social classes, the degree of uniformity in social behaviour is not identical, however those subject to strong pressures tend to exhibit a higher degree of uniformity in their behaviour. To adopt the terms used by Olson, social groups of a small size or suffering strong pressures have a tendency to combine their efforts in order to achieve the same objective¹².

- 15 Empirical results tend to demonstrate that the relationship between human capital and social identification is positive. Generally, in traditional societies inherited elements such as the family or social identity exert a predominant influence on the social identification of an individual. But in modern societies, acquired dimensions, such as education level or type of employment, play a more important role. Thus Blau and Duncan in “The American Occupational Structure” insist on the determining role of education in the social identification of individuals¹³. Zhang Yinghua, Xue Chengtai and Huang Yizhi underline that the higher the education level of a person, the higher his own social identification¹⁴. Huang Yizhi arrives at the same conclusion with regard to Taiwanese society¹⁵.
- 16 The social transformations that have appeared since the launch of the reforms in China similarly show a progressive rise in the role of education in the social position of the individual. Nevertheless, when surveying the factors that determine the perception that the *xiagang* have of their social position, it appears that, within this social group, the “education level” exerts a diminishing or quasi zero explanatory power. While being interviewed, the *xiagang* manifested a perception of their social position that was fairly uniform and relatively high, but that was not linked to their education level. These results contrast sharply with our surveys among migrant workers in urban areas, which reveal that the higher a migrant is educated, the greater is his perception of his social position¹⁶. One probable reason for this is that the incomes of the *xiagang* and of the migrants have evolved differently: the incomes of the former follow a downward trend, while those of the latter are rising.
- 17 Our second hypothesis follows on from that: for a group whose income is declining, human capital loses its explanatory power in the perception that the individuals have of their social position; furthermore, the more pronounced this downward trend, the more marked the non-valorisation of human capital.

Unemployment among the *xiagang* and social stability

- 18 Numerous studies have shown that an increase in the unemployment rate has an impact on social stability. Bo Yibo, in a study conducted shortly after the foundation of the People’s Republic of China when the unemployment rate hit unprecedented levels (1950-1952), asserts: “The economic crisis of the spring and summer of 1950 made life difficult for private businesses and industries, and many were forced into bankruptcy. Thus it was recorded in the 14 largest cities of the country that 2,945 factories closed down. At the same time, 9,345 businesses in the 16 largest cities had to partially suspend operations. This put several million people out of work, and their rancour was perceptible, ‘despair and discontent spread rapidly among a section of the workers as well as the poverty-stricken population of the cities’”¹⁷.
- 19 A link is frequently established between the unemployed or people without work and criminality: “According to police statistics in Shanghai, Tianjin and Nanjing in a period of barely one year, that is from July 1993 to June 1994, 56.4% of robberies, fights, rapes... in these cities were committed by young unemployed people or *xiagang*”¹⁸. Some

researchers have even gone so far as to assert that the group representing the greatest threat to social stability is not the least fortunate categories, that is the poor in the cities or in the countryside, but most certainly the unemployed and the *xiagang* from the state-owned enterprises. Their discontent is in fact the strongest as a result of the deterioration, in both absolute and relative terms, in their social condition¹⁹. In his works on the political opinions of destitute workers, Lipset champions the same point of view: “The more a person lacks the experience and the feeling of stability, the more he will be inclined to accept simplistic political opinions, not to comprehend divergent opinions, not to adhere to the fundamental principles of tolerance, and finally to support progressive ideas aiming at the reform the political system”²⁰.

- 20 According to our survey, despite a strong homogeneity of social attitudes, certain differences among the *xiagang* are difficult to explain by their economic situation or whether they are employed or unemployed. In fact, other works conducted in different cities reveal that between 30% and 60% of *xiagang* exercise a paid activity. In the city of Fushun, statistics from the labour office and from the social security office establish that around 50% of *xiagang* have a new “stable” activity; 20% “do not have a stable activity but often find work”; 10% “do not have a stable activity” and are frequently without work; only 20% “have found nothing to do”.
- 21 Numerous works draw a link between an increase in human capital and a rational and moderate social attitude. Our survey shows, in contrast, that discontent towards society emerges more easily among the *xiagang* who have enjoyed a longer education but who today have a low income level and low social recognition. The non-valorisation of human capital that creates a fall in income and social status reinforces the discontent of this category of *xiagang*. Our third hypothesis is: for a social category whose income is diminishing, the greater the loss of the explanatory power of human capital in the development of income and social status, the more this category will be dissatisfied with the current social situation.

Relationship between human capital and life plan

- 22 The social situation of an individual is conditioned by structural or political factors independent of his own will, but he possesses room to manoeuvre to develop his personal future by relying in particular on his intellectual abilities, his perseverance or his skill in seizing opportunities. In a society undergoing rapid development and in transition towards a market economy, this freedom to manoeuvre expands in proportion to the ever more important place afforded to human capital. In such a context, to avoid a rupture or a lack of valorisation of human capital, it is essential to renew one’s knowledge. That being the case, training could allow the unemployed or the *xiagang* to respond better to the needs of the market by reorienting their know-how and their technical skills. Our fourth working hypothesis is that in a social group whose income is falling, individuals who changed jobs or practised different occupations enjoy greater success in moving to a new type of employment.

Statistical data and presentation of variablesSources of the statistical data

- 23 Our research was conducted between the end of August and the middle of September 2002 in four cities in Liaoning province which share similar characteristics: Fushun, Benxi, Chaoyang and Fuxin. All four have a large *xiagang* population and face problems involving industrial conversion and the depletion of their natural resources. The surveys were carried out by interviews and questionnaires. The interviews were conducted at meetings bringing together members of government research centres,

social security offices, planning committees, statistical bureaux, unions, the women’s federation and district committees. They were also conducted during visits to the homes of *xiagang* families whose situation appeared particularly difficult.

- 24 Our sampling for the questionnaires was designed in the following way. First of all, we decided that each city constituted a distinct sample. Then, we wanted to avoid standardising the responses through sampling based on a unit that would have been formed by the enterprise. To do this, we randomly selected some 40 districts, on the basis of lists provided by the administration, in which we picked, again at random, six to seven *xiagang* workers to reply to our questionnaires. In total, we interviewed 1,110 workers, and 995 questionnaires were validated (90%)²¹.

The variables

- 25 The principal independent or explanatory variables are: education level (measured by the number of years of study, the qualification obtained or the level of technical skill), age, membership or not of the Communist Party, sex, number of paid working hours.
- 26 The dependent or explained variables are as follows: the income preceding redundancy, the income declared by the *xiagang* when he finds new employment, social identification (perception of his own social position), degree of social instability. Variables such as “social identification” and “degree of social instability” are subjective and are derived from personal opinions. “Class identification” is measured by a scale incorporating six categories in relation to which the interviewee positions himself²². The degree of “social stability” is a subjective appreciation on the part of the interviewee, it depends on elements such as “attitude with regard to the use of collective petitions”, “evaluation of the degree of social justice”, “evaluation of relations between managers and the masses”, “perception of the degree of local economic prosperity”, “perception of the period for resolving the problem of unemployment”.

Research and results Human capital in the determination of income

- 27 The income of an employee depends on a multiplicity of factors. At the collective level, it is the result, for example, of differences between enterprises and between business sectors. At the individual level, it is determined by the job, years of service, the amount of overtime worked, and so on. Our research focuses on the impact of human capital on the remuneration level. This comes down to asking the following question in the specific case of the *xiagang*: what is the impact of the accumulated human capital on income before and after redundancy?
- 28 Table 2 presents the influence exerted by human capital on the income of the interviewees. The independent variables “sex” and “membership or not of the Party” are highly significant both before and after the period of redundancy. Men earn more than women, and members of the Party earn more than non-members; these results have also been demonstrated in other surveys²³.
- 29 Model 1²⁴ shows that the education variable has a significant influence on the monthly salary before redundancy. The greater the importance attached to the number of years of education, the more significant the accumulated human capital and the higher the monthly salary before redundancy²⁵. In this first model, the age variable also exerts a significant influence: the older the individual, the higher the monthly salary before redundancy. In the state-owned enterprises, age is equivalent to years of service, a determining factor in the importance of the subsidy and the level of social benefits provided by the enterprise²⁶. If the level of technical skill does not make an important

contribution to increasing the income of employees at an intermediate or beginner level, it is, however, not without significance. Workers who possess technical skills benefit from a higher income than employees without any specific training.

- 30 If the number of years of education received, age and the level of technical skill are considered as elements that make up human capital, the income of an employee before redundancy is appropriate to his human capital: the higher this is, the higher his remuneration will be.

2. Income of *xiagang*

	Monthly salary before lay-off	Monthly salary after lay-off or « last salary of current job »		
	Model 1	Model 2 All age brackets	Model 3 Aged 20-40	Model 4 Aged 41-55
Hours worked the previous week		0.383***	0.378***	0.608***
Gender	0.167***	0.146***	0.183***	0.086
Member or not of the Communist Party	0.142***	0.155***	0.213***	0.130
Years of education	0.082*	0.025		
Education level (1)				
Secondary school			-0.282	0.015
High school diploma and professional college			-0.252	-0.068
Other professional college (after high school diploma)			-0.006	-0.129
University			0.010	-0.029
Age	0.089*	-0.073*		
Previous professional situation (2)				
Management			0.111*	-0.028
Technician			-0.005	-0.029
Worker			0.086	-0.081
Employee in the services			0.006	-0.106
Level of technical skills (3)				
Higher	0.061		-0.001	-0.213***
Intermediate	0.147***		-0.002	0.027
Beginner	0.072*		-0.047	-0.031

NB: The asterisks indicate the degree of significance, with three asterisks corresponding to the maximum degree (*** P<0.001; ** P<0.01; *P<0.05).

The results were obtained using the Ordinary Least Square (OLS) model.

(1) Reference group: primary school and beyond.

(2) Reference group: other personnel.

(3) Reference group: no grade.

Under the heading “professional situation prior to lay-off”, the reference group “other personnel” includes the personnel in administration and the public utility companies affiliated to the enterprise.

- 31 However, in Model 2 of Table 2, when the explained variable becomes the monthly salary after redundancy (the last salary of the current employment), the results differ radically. First of all, the education variable ceases to have an influence on income. Furthermore, the age variable has a negative impact on income: the older an individual, the lower his new income. These results are thus different from those of the preceding model.
- 32 With the aim of detailing in more depth the results of Model 2, which seems to confirm the hypothesis that human capital and age have a negative effect on the new income following redundancy, we tested two other models (3 and 4) which focus on the 20 to 40 and 41 to 55 age brackets. Model 3 allows the assertion that for *xiagang* between 20 and 40 years old, the variables such as education level or professional skill as well as age

have lost their explanatory power as far as income following redundancy is concerned. It is exclusively the personnel who worked in management whose professional situation before redundancy continues to play a positive role. Overall, the human capital of the *xiagang* loses its explanatory power in terms of income following redundancy.

- 33 For Model 4, the two independent variables represented by sex and membership or non-membership of the party, highly significant in Model 3, also lose their explanatory power for *xiagang* in the 41 to 55 age bracket, who had to interrupt their studies as a result of the policy of “sending people down to the countryside” during the Cultural Revolution. There is no statistical correlation between income following redundancy and the gender of the individual or membership or non-membership of the Party. Furthermore, the holding of a diploma of higher technical proficiency has a negative influence on the income level following redundancy, given that the *xiagang* of the secondary sector possessing a technical diploma generally have an income in their new job that is lower than that they could obtain in the services sector.
- 34 This acknowledgement reminds us of the words of a former model worker, aged 49, from Jilin province, who was interviewed in Changchun in 1999: “For a very long time after I was made a *xiagang*, I could not find any work. The first few days were particularly hard. I slept one week solid. My wife is almost handicapped and has no chance of finding a job. We were employed in a porcelain factory where the production lines are specialised, I had no experience of working in other enterprises, it is very hard to find a new job... It was only in the second week that I went into town to look for a job. Looking for a job, in reality, meant waiting for clients on the city’s sidewalks, as the only thing I could do was paint apartments. A friend who was also looking for work in this way told me to come with him and that is what I did. That day, no-one offered us work, we waited in vain and we went home in the evening having spent money on food and transport. The next day we went to wait in another area, someone came along and offered us work for a day...”²⁷.
- 35 The sociological scope of the non-valorisation of human capital in the determination of the income of *xiagang* employees is important. The social belief in the ability to improve one’s income thanks to the accumulation of human capital and one’s personal efforts constitutes an important condition for social mobility. But in a situation where human capital is not valued, individuals have a tendency to look for societal or political causes, and not individual ones, to explain the difficulties they find themselves in.
The impact on social identification
- 36 In our survey, only 1.1% of *xiagang* perceive themselves as belonging to the higher or lower “upper” classes, 3.5% think they are part of the “upper middle” class and 15.7% believe they are “lower middle” class. Finally, 35.2% consider themselves to be part of the higher fringes of the lowest rungs on the social ladder, while 44.5% think they belong to the most disadvantaged social groups. What are the factors that determine the social identification of the *xiagang*?

3 Class identification among the *xiagang*

	Model 1 All cases	Model 2 Male	Model 3 Male	Model 4 Female	Model 5 Female	Model 6 20-40	Model 7 41-55
Monthly salary before lay-off	0.019	0.108	0.092	0.027	-0.021	-0.025	0.048
Monthly salary after lay-off	0.213***	0.336***	0.237***	0.241***	0.201***	0.224***	0.236***
Level of technical skills (1)							
Higher	0.174***	0.080	0.116*	0.140*	0.216***	0.177***	0.165***
Intermediate	0.034	0.048	0.020	0.040	0.035	0.070	-0.020
Beginner	0.014	-0.030	-0.017	0.012	0.001	0.037	0.005
Member or not of the Party	0.008	0.050	0.002	0.067	0.037	-0.005	-0.007
Years of education	0.003	-0.023	-0.068	0.134*	0.059	-0.065	0.109
Age	0.007	-0.031	0.023	-0.047	-0.003		
Years of education of the spouse	0.072		0.040		0.110	0.128	-0.010
Monthly salary of the spouse	0.269***		0.162***		0.277***	0.308***	0.241***
Previous professional situation (2)							
Management						-0.065	0.097
Technician						-0.062	-0.223**
Worker						-0.042	-0.109
Employee in the services						-0.111**	-0.216*

NB: The asterisks indicate the degree of significance, with three asterisks corresponding to the maximum degree (*** $P < 0.001$; ** $P < 0.01$; * $P < 0.05$).

The results were obtained using the Ordinary Least Square (OLS) model.

(1) Reference group: no vocational training.

(2) Reference group: other personnel. This group includes the personnel in administration and the public utility companies affiliated to the enterprise.

- 37 The factors that exert a significant influence on the class identification of the *xiagang* are in particular “the monthly salary following redundancy” and “the monthly salary of the spouse” (see Table 3). Length of studies has lost its explanatory power. Certainly, holders of higher diplomas more easily consider themselves part of a higher social class than people without training, but the importance of this group is minor among *xiagang*.
- 38 Models 2 and 3 test the social identification of male *xiagang*. Setting aside the variable relating to the professional situation of their spouse, it is the monthly salary following redundancy that constitutes the independent variable with the greatest explanatory power. In the second case, where two new independent variables are introduced, that is years that the spouse has spent in education and the monthly salary of the spouse, the impact of the former is imperceptible while that of the latter is highly significant from a statistical point of view.
- 39 Models 4 and 5 analyse the social identification of female *xiagang*. Model 4 shows that the independent variables with the strongest explanatory power are the monthly salary following redundancy and the number of years of study. In Model 5, we have introduced two new variables, these are the education level and the monthly salary of the spouse, which put into context the explanatory importance of the education level variable. The social identification of the wives is sharply determined by the income of their husbands.

- 40 Models 6 and 7 allow a comparison of the determining factors in the social identification of the 20 to 40 age bracket and that of the 41 to 55 age bracket. The *xiagang* aged between 41 and 55, who had to stop their studies as a result of being sent to the countryside during the Cultural Revolution, have a weak evaluation of their social position in comparison with the “others” reference group or technicians. This phenomenon is not as pronounced in the 20 to 40 age bracket.
- 41 From these models, we can conclude that among the *xiagang*, whether male or female, the primary factors that determine social identification are the monthly salary following redundancy and the monthly income of the spouse. A notable difference is found, however, for women, who identify themselves more through the income that their spouse earns. Human capital, in terms of education level, generally exerts only a minor influence. The loss of explanatory power held by human capital in social identification is, moreover, more marked among individuals whose income is on a downward curve, that is for *xiagang* in the 41 to 55 age bracket.

Impact on social behaviour

- 42 In general terms, it is assessed that the higher the age and the education level of an individual, the more he will have a tendency to exercise a rational pattern of social behaviour and to avoid violence. However, for the *xiagang*, these factors are played out differently as a result of the downward income curve. We define “social behaviour” as an independent variable expressed through a combination of sub-variables (recourse—or not—to collective petition, opinions relating to social justice, to relations between the cadres and the population, to local economic prosperity, to the resolution of the question of the *xiagang* mainly). We call this combination of variables the coefficient of social instability.

4 Social instability coefficient

	Model 1 All cases	Model 2 20-40	Model 3 41-55
Gender	0.026	-0.022	0.113
Member or not of the Party	-0.053	-0.056	-0.029
Age	0.142 ***	0.137 *	-0.076
Social identification	-0.335 ***	-0.298 ***	-0.412 ***
Monthly salary after lay-off	-0.147 **	-0.079	-0.173 *
Years of study	0.122 **	0.118 *	0.120 *
Weekly working hours	0.151 **	0.085	0.204 **

NB: The asterisks indicate the degree of significance, with three asterisks corresponding to the maximum degree (*** $P < 0.001$; ** $P < 0.01$; * $P < 0.05$).

- 43 In Model 1 of Table 4, sex and membership of the Party do not have a significant impact on the social instability coefficient. On the other hand, the variables such as age, social identification, the monthly salary following redundancy, years of study and weekly hours of work exert a major influence. In contrast to the common understanding, the older a *xiagang* is and the longer his vocational training, the higher is his social instability coefficient, that is the stronger his discontent towards society is and the more he is inclined to exhibit violent patterns of behaviour. Social identification is the most powerful explanatory factor. This result reinforces the relationship that we have established between non-valorisation in human capital and social identification.

- 44 Models 2 and 3 of Table 4 underline the differences in the social instability coefficient between the generations. For the 41 to 55 age bracket who are experiencing a particularly significant lack of valorisation of human capital, the social identification variable also has the greatest impact on the social instability coefficient, and the number of years spent studying only serves to aggravate this coefficient.
- 45 For a given income level, the longer the vocational training an individual has received and the older he is, the more sensitive he will be to the inequality in income. And he will pay even more attention to this when his own path is on a downward slope, hence the greater probability that he will exhibit violent behavioural patterns and participate in collective actions. It is thus the relatively older *xiagang* who were sent to the countryside during the Cultural Revolution who are most in need of aid.
- Vocational training in order to change work or trade?
- 46 The problem of the reintegration of the *xiagang* is a consequence of the complete transformation of the structures of production, marked by a contraction of traditional industries and by a surging expansion of new ones. These developments bring with them a change in the evaluation of professional skills and experience on the labour market, which translates, for certain people, into a loss or lack of valorisation of the human capital that they hold. For this reason, it is important that a *xiagang* can pursue vocational training courses so that he is able to change work or trade and thus link up again with the chain in which human capital is accumulated. The *xiagang* must be enabled to transform and renew their know-how and their technical skills so that they can better respond to market demand. Such a policy thus constitutes an effective solution that can help them overcome their difficulties. In this respect, our survey shows that workers who have undergone training with a view to furthering their professional rehabilitation have a greater chance of finding a new job with a decent income.
- 47 The statistical results of our survey also demonstrate that workers who have followed this kind of training have already experienced a certain improvement in their living conditions. Table 5 reports on two questions that clarify the differences between the *xiagang* who have following a training course and those who have not. To the question “How has your standard of living developed over the last five years?”, the responses indicating an improvement are relatively high and those indicating a deterioration are relatively low for those who have undergone training. Vocational training is thus a relatively positive factor in the life of a *xiagang* and his family.
- 48 To the question “What differences are there between your current income compared you’re your income before you lost your job?”, the responses do not reveal any major difference between those workers who have followed vocational training courses and those who have not among those whose current income is higher than the one they received before the period of unemployment. In contrast, among those whose income is identical or lower, the differences are noteworthy. The income following redundancy is thus slightly higher among those who have followed vocational training courses.

5 Usefulness of vocational training courses aiming at the reintegration of the *xiangang*

		Having taken part in training courses	Not having taken part in training courses
Evolution of your standard of living over the past five years	Has improved	4.1%	1.6%
	Has slightly improved	13.8%	7.8%
	Virtually identical	20.0%	22.5%
	Has declined slightly	26.9%	27.7%
	Has declined	34.5%	37.5%
	Don't know	0.7%	2.8%
Comparison of your current income with that before lay-off	Higher	5.4%	5.6%
	Virtually identical	30.8%	20.0%
	Lower	63.8%	74.4%

- 49 Vocational training courses as a means to promote and reinforce work skills are offered and demonstrated as an example, but they are not of a compulsory character. It is up to the *xiangang* themselves whether they choose to participate or not. The courses which aim to improve their skills are, however, perceived by local governments and the *xiangang* as less important than “social welfare” (*shenghuo butie*). Nevertheless, the results of our survey reveal that vocational training represents a more effective aid than the simple granting of social welfare. These social security benefits resolve immediate problems and help the recipients out of poverty, but the chances of them falling below the poverty line again are very high.
- 50 The non-valorisation of human capital equates with the social behaviour and identification of the *xiangang*. Individuals whose human capital is no longer recognised or valued are inclined to believe that neither their income nor their social position are determined by their level of competence and the efforts they have made but are, in contrast, determined by social factors. Thus, those who have a relatively elevated human capital have a tendency to develop a stronger discontent towards society (*shehui buman*). In other words, these are not the poorest people, but they come from the disadvantaged groups whose non-valorisation of human capital is the most marked. If the linkages in the accumulation of human capital were restored, this could again be exploited. In the opposite case, this accumulated capital represents, in contrast, a burden that can cripple the future of the individuals in question.
- 51 Our survey suggests that a section of the *xiangang* is in the process of radically changing their behaviour with regard to society. They no longer look for support to the policies put in place for their benefit, but believe that they will succeed in changing their lives through their own efforts and personal choices. It is precisely these people whose professional prospects are developing positively. This also means that, thanks to countless individual actions, the mechanisms of mobility and social climbing are in the process of a transformation that will allow the creation of new social structures in production and labour.
- 52 The living standards and the income level of the *xiangang* is comparable with that of the rural migrants in the cities, but, different from the *xiangang*, the latter benefit from tendential growth in their income marked by a positive effect of human capital. It follows from that that their perception of the future is positive. In contrast, the *xiangang*, as a result of the downward trend in their income and the weakness of their human capital, experience their difficulties particularly sharply. However, the changes taking

place may help them move from a vision of history determined by social factors to one that leaves more space for individual choice. Many of them belonging to the generation that was dispatched to the countryside have succeeded in transforming this traumatic experience into a positive value added to their human capital and have become important players in different professions or sectors. We would like to believe that many of the *xiagang* workers will be able to find a solution to their current problems.

- 53 Because the organisation of labour was implemented for a long time by the state, the *xiagang* today often feel completely powerless in the face of the new *modus operandi* of the economy. Faced with possibilities of social mobility or new job opportunities, the *xiagang* often only perceive their lack of competitiveness. The aid granted to the *xiagang* within a judicial and regulatory framework in the form of compensation and subsidies is, of course, very important, for it allows the difficulties which they have to face every day to be alleviated. The vocational training courses that are organised should include the aim of helping them to improve their ability to choose and to link up again the chains in which human capital is accumulated. Unfortunately, in many of the training centres, this objective is only formal, and the assistance given in the search for re-employment takes the form of the old “central planning” (*danwei anpai*).
- 54 We should realise, however, that, in a context of far-reaching mutations in the relations between the state, the market and society, the individual has greater choice and possibilities of adapting. Targeted vocational training courses allowing the *xiagang* to enhance their human capital and to reinforce their abilities to choose, in order to permit them thus to be adapt more suitably to the conditions on the labour market, represent the most effective means of assisting them. Indeed, the usefulness of these training courses and of professional reintegration has been proved on a very large scale in the framework of other experiences abroad, as has the importance of enhancing human capital in order to rapidly reduce poverty and to prevent a relapse.
- 55 To achieve this goal, it is necessary on the one hand to increase the proportion allotted to training expenses in the overall aid budgets intended for the *xiagang*, and on the other to improve their effectiveness by, for example, making public tenders and also encouraging the participation of intermediaries in civil society. The rate of professional reintegration should from now on be one of the criteria for evaluating the return on the investments in training. This kind of training policy as a priority means of aiding the *xiagang* should also be based on accompanying measures that could include benefits granted to people setting up a business, such as tax relief, facilities for accessing small loans, simplification of administrative procedures, and so on. A few years ago we adopted several incentive policies to encourage the enrichment of a part of the population; today, it is even more legitimate to adopt policies to help people in difficulty.

NOTES

1. Every country has its own definition of “unemployment”. The one given by the International Labour Office in 1982 serves as a reference. The definition is the following: an unemployed person is a person of working age (15 years old or more) who fulfils three conditions at the same time: (1) being without employment, that is not having worked, not even for one hour, during one reference week; (2) being available to take up a job within 15 days; (3) actively seeking work or having found work that will start at a later date. The reference period used here is one month. As far as the term *xiagang* is concerned, it means, first of all, the loss of the former work station but the maintenance of a contractual relationship with a state-owned enterprise or collective enterprise; secondly, these are people who regularly receive benefits (*shenghuofei*) paid by the re-employment centre of the state-owned enterprise in question. In reality, there is another category of people who, while having left the state-owned enterprise, retain with it a contractual relationship and are not registered at a re-employment centre. These people, very numerous, are defined as *ligang zhigong* (literally: employees who have left their work station). This flexibility in the forms adopted by the enterprises to reduce excess manpower led to the definition of two statistical categories during the census of the workforce: on the one hand there are “employees with a work station” (*zaigang zhigong*) and, on the other, “employees without a work station” (*bu zaigang zhigong*).
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 21. Because of the great mobility of the xiangang, the surveys conducted in the past were often based on a deliberate sampling choice. This research represents one of the first studies that observes the standards of sampling methodology and the statistical results of which are reliable. Although this data is regional, our insistence on the reciprocal actions between the different variables can in principle be generalised.
 22. The possible choices are: upper, lower upper, upper middle, lower middle, upper lower and lower. This classification was perfected by Richard Centers, *The Psychology of Social Classes: A Study of Class Consciousness*, Princeton, Princeton University Press, 1949, p. 233.
 23. Bian Yanjie and Zhang Kaixin, op. cit.

24. The results were obtained by the Ordinary Least Square (OLS) model, which allows the impact of an explanatory variable to be isolated by controlling the other dimensions.

25. The survey conducted by Xie Yu and Han Yimei on the differences in urban incomes during the period 1988-1995 shows that, despite the existence of a positive relation between education and income by virtue of a standardised distribution of benefits and subsidies, economic growth downplays education in terms of its rewards [Xie Yu, Han Yimei, “Gaige shiqi Zhongguo chengshi jumin shouru bu pingdeng yu diqu chaju” (Salary inequality of the urban population and regional differences in the reform period in China), in Zhai Bianyan (dir.), *Shichang zhuanxing yu shehui fenceng* (Transformation of the economy and social classification), Sanlian, 2002, pp. 460-508]. The research of Lai Desheng has shown that, from 1988 to 1995, the effectiveness ratio of education rose from 3.8% to 5.7%, and that the effectiveness of education is greater than that of years of service [Lai Desheng, “Jiaoyu, laodongli shichang yu shouru fenpei” (Education, the labour market and income distribution), in Zhai Desheng (ed.), *Zhongguo jumin shouru fenpei zai yanjiu* (A new look at income distribution in China), Economics and Finance Press, 1999, pp. 451-474].

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